

STATE OF NEW JERSEY
COUNCIL ON AFFORDABLE HOUSING
NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS

REPAYMENT MORTGAGE
Contains Deed Restrictions

MORTGAGE IS SUBORDINATE TO A FIRST PURCHASE MONEY MORTGAGE OR REFINANCING

Prepared by: JOSEPH A. ZEMAITIS, JR.

This Mortgage made on FEBRUARY 26, 1993 between MARY L. HOUGH
(referred to as "Borrower") and CITY OF NEWARK (referred to as the "Authority"),
which Authority is an Instrumentality of CITY OF NEWARK (referred to as the "Municipality")

REPAYMENT MORTGAGE NOTE

In consideration of value received by the Borrower in connection with the Property (described below) purchased by the Borrower, the Borrower has signed a note dated 2/26/93. The Borrower promises to pay the amounts due under the Note and to abide by all promises contained in the Note.

MORTGAGE AS SECURITY

This Mortgage is given to the Authority as security for the payment due and the performance of all promises under the Note. The Borrower mortgages the real estate owned by the Borrower described as follows (referred to as the "Property"):

All of the land located in the CITY of NEWARK
County of ESSEX and State of New Jersey, specifically described as follows:
Street Address: 81 CALLAHAN COURT
City: NEWARK Zip: 07103 Block No.: 406 Lot No.: 24.20
Also more particularly described as:

Together with:

1. All buildings and other improvement that now are or will be located on the Property.
2. All fixtures, equipment and personal property that now are or will be attached to or used with the land, buildings and improvements of or on the Property.
3. All rights which the Borrower now has or will acquire with regard to the Property.

BORROWERS ACKNOWLEDGEMENTS

1. The Borrower acknowledges and understands that:
 - a) Municipalities within the State of New Jersey are required under the Fair Housing Act and regulations adopted under the authority of the Act to provide for their fair share of housing that is affordable to households of low and moderate income; and
 - b) The Property which is subject to this Mortgage has been designated as housing which must remain affordable to low and moderate income households for at least thirty years unless a shorter time period is authorized in accordance with rules established by any agency having jurisdiction (the "restricted period"); and
 - c) To ensure that such housing, including this Property, remains affordable to low and moderate income households during the restricted period, an Affordable Housing Agreement has been executed by the Borrower that constitutes covenants running with the land with respect to the Property and the Municipality has adopted procedures and restrictions governing the resale of the Property and ; and
 - d) The Authority to which the Property is mortgaged has been designated by the Municipality to administer the procedures and restrictions governing such housing.
2. The Borrower also acknowledges and understands that the Property has been purchased at a restricted sales price that is less than the fair market value of the Property.

BORROWER'S PROMISES

In consideration for the value received in connection with the purchase of the Property at a restricted sales price, the Borrower agrees as follows:

1. The Borrower will comply with all of the terms of the Note and this Mortgage which includes:
 - a) Within the restricted period starting with the date the Borrower

obtained title to the Property, the Borrower shall not sell or transfer title to the Property for an amount that exceeds the maximum allowable resale price as established by the Authority. In the event of breach of this promise, Borrower hereby assigns all proceeds in excess of the maximum allowable resale price to the Authority, said assignment to be in addition to any and all rights and remedies the Authority has upon default.

b) At the first non-exempt transfer of title of the Property after the ending date of the restricted period, the Borrower agrees to repay 95% of the incremental amount between the maximum allowable resale price and the fair market selling price which has accrued to the Property during the restricted period to the Authority.

2. The Borrower warrants title to the premises (N.J.S.A. 46:9-2). This means the Borrower owns the Property and will defend its ownership against all claims.

3. The Borrower shall pay all liens, taxes, assessments and other governmental charges made against the Property when due. The Borrower will not claim any credit against the principal and interest payable under the Note and this Mortgage for any taxes paid on the Property.

4. The Borrower shall keep the Property in good repair, neither damaging nor abandoning it. The Borrower will allow the Authority to inspect the Property upon reasonable notice.

5. The Borrower shall use the Property in compliance with all laws, ordinances and other requirements of any governmental authority.

CONTROLS ON AFFORDABILITY

The procedures and restrictions governing resale of the Property have been established pursuant to the Fair Housing Act and the regulations adopted under the authority of the Act, (all collectively referred to as "Controls on Affordability"). Reference is made to the Controls on Affordability for the procedure in calculating the

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maximum allowable resale price, the method of repayment described in Item 1(b) of the section entitled "Borrower's Promises", and the definition of a "restricted sale" for purposes of determining when the Affordability Controls are applicable, and the determination of the restricted period of time.

RIGHTS GIVEN TO LENDER

The Borrower, by mortgaging the Property to the Authority, gives the Authority those rights stated in this Mortgage, all rights the law gives to lenders, who hold mortgages, and also all rights the law gives to the Authority and/or Municipality under the Affordability Controls. The rights given to the Authority and the restrictions upon the Property are covenants running with the land. The rights, terms and restrictions in this Mortgage shall bind the Borrower and all subsequent purchasers and owners of the Property, and the heirs and assigns of all of them. Upon performance of the promises contained in the Note and Mortgage, the Authority will cancel this Mortgage at its expense.

DEFAULT

The Authority may declare the Borrower in default on the Note and this Mortgage if:

1. The Borrower fails to comply with the provisions of the Affordable Housing Agreement;
2. The Borrower fails to make any payment required by the Note and this Mortgage;
3. The Borrower fails to keep any other promise made in this Mortgage;
4. The ownership of the Property is changed for any reason without compliance with the terms of the Note and Mortgage;
5. The holder of any lien on the Property starts foreclosure proceedings; or
6. Bankruptcy, Insolvency or receivership are started by or against any of the Borrowers.

AUTHORITY'S RIGHTS UPON DEFAULT

If the Authority declares that the Note and this Mortgage are in default, the Authority shall have, subject to the rights of the First Mortgagee, all rights given by law or set forth in this Mortgage.

NOTICES

ALL NOTICES MUST BE IN WRITING AND PERSONALLY DELIVERED OR SENT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE ADDRESSES GIVEN IN THIS MORTGAGE. ADDRESS CHANGES MAY BE MADE UPON NOTICE TO THE OTHER PARTY.

NO WAIVER BY AUTHORITY

The Authority may exercise any right under this Mortgage or under any law, even if the Authority has delayed in exercising that right or has agreed in an earlier instance not to exercise that right. The Authority does not waive its right to declare the Borrower is in default by making payments or incurring expense on behalf of the Borrower.

EACH PERSON LIABLE

This Mortgage is legally binding upon each Borrower and all who succeed to their responsibilities (such as heirs and executors). The Authority may enforce any of the provisions of the Note and this Mortgage against any one or more of the Borrowers who sign this Mortgage.

SUBORDINATE MORTGAGE

The lien on this Mortgage is inferior to and subject to the terms and provisions of the First Purchase Money Mortgage executed contemporaneously herewith or any subsequent refinancing.

NO ORAL CHANGES

This Mortgage can only be changed by an agreement in writing signed by both the Borrower and the Authority.

SIGNATURES

The Borrower agrees to the terms of this Mortgage by signing below.

ACKNOWLEDGEMENT

Borrower acknowledges receipt of a true copy of this mortgage at no charge.

Dated: FEBRUARY 26, 1993
 ATTEST: *Lisa Richardson*
 LISA A. HENDRICKS-RICHARDSON

By: *Mary L. Hough*
 Signature (Borrower) MARY L. HOUGH

 Signature (Co-Borrower)

STATE OF NEW JERSEY)

)ss

COUNTY OF MONMOUTH)

BE IT REMEMBERED, that on this 26 day of FEBRUARY, 19 93, before me, the subscriber, personally appeared MARY L. HOUGH

who, being by me duly sworn on his/her oath, deposes and makes proof to my satisfaction, that he/she is the Borrower (Co-Borrower) named in the within instrument; that is the Repayment Mortgage for the described Property; that the execution, as well as the making of this instrument, has been duly authorized and is the voluntary act and deed of said Owner.

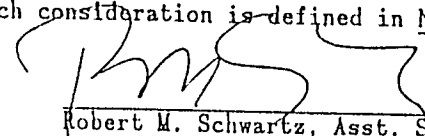
Sworn to and subscribed before me,
 the date aforesaid.

Lisa Richardson
 LISA HENDRICKS RICHARDSON
 ATTORNEY-AT-LAW
 205 MARTIN LUTHER KING, JR. BLVD


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STATE OF NEW JERSEY: ss
COUNTY OF MONMOUTH :

On FEBRUARY 26, 19 93 Robert M. Schwartz, personally appeared before me and he acknowledged under oath that: he is the Assistant Secretary of K. HOVNANIAN AT NEWARK URBAN RENEWAL CORPORATION III, INC., the GRANTOR in this Deed; that he knows the proper seal of the GRANTOR and it is affixed to this Deed; this Deed was signed by WAYNE J. SOOJIAN, Sales & Marketing Director of the GRANTOR; he signed this Deed to attest to the signing of the Deed by WAYNE J. SOOJIAN; the Deed was signed and delivered by the GRANTOR as its voluntary act, which act was properly authorized by the Board of Directors of GRANTOR; he is signing this Certification to affirm the truthfulness of what has been set forth; and the full and actual consideration paid or to be paid for the transfer of title to the property described in this Deed, as such consideration is defined in N.J.S.A. 46:15-5, is \$ 63,700.00.


Robert M. Schwartz, Asst. Secy.

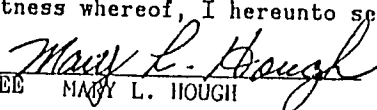
Sworn and Subscribed to before me at
Red Bank, New Jersey, the date aforesaid.


JOSEPH A. ZEMAITIS, JR.
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Dec. 8, 1998

SPECIFIC POWER OF ATTORNEY

I, the above named GRANTEE, do hereby irrevocably name, make, appoint, constitute and confirm K. Hovnanian at Newark Urban Renewal Corporation III, Inc., a corporation of the State of New Jersey, whose main office is 10 Highway 35, P.O. Box 500, Red Bank, New Jersey, and its assigns and successors, my true and lawful Attorney-in-Fact for me for those specific and limited purposes as set forth in the Master Deed of Society Hill at University Heights Condominium III, and for me in my name, place and stead, execute any such amendment(s) to the Master Deed and other instrument(s) necessary to effect the purposes set forth in the Master Deed, its amendments and its exhibits with the same force and effect as though I were present and acting for myself and I hereby ratify and confirm all that my said attorney-in-fact shall do by virtue hereof. This Power of Attorney shall not be affected by the fact that I might become incompetent hereafter, but shall remain in full force and effect. In the event there is more than one Grantee, all references to the singular shall be deemed to be plural.

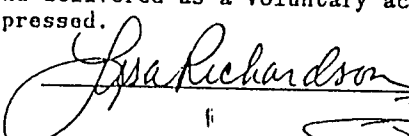
In witness whereof, I hereunto set my hand this 26 day of FEBRUARY 19 93


GRANTEE MARY L. HOUGH GRANTEE

State of New Jersey)ss:
County of _____)

Be it remembered, that on this 26 day of FEBRUARY, 19 93 before me, the subscriber MARY L. HOUGH, personally appeared the above named GRANTEE(S), who, I am satisfied (is)(are) the person(s) named in and who executed the within Instrument, and thereupon acknowledged that the Instrument was signed, sealed and delivered as a voluntary act and deed for the uses and purposes herein expressed.

LISA HENDRICKS RICHARDSON
ATTORNEY-AT-LAW
535 MARTIN LUTHER KING, JR. BLVD.
NEWARK, NEW JERSEY 07102


NOTARY PUBLIC

K. HOVNANIAN AT NEWARK URBAN RENEWAL CORPORATION III, INC. to
MARY L. HOUGH

CHARGE, RECORD AND RETURN TO LISA A. HENDRICKS-RICHARDSON, ESQUIRE
535 DR. MARTIN LUTHER KING, NEWARK, NJ 07102

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